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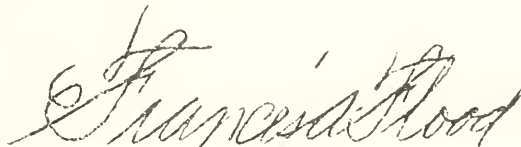
UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Alfred D. Stedman, Assistant Administrator  
Director, Division of Information and Records  
Washington, D. C.

No. 40

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TO FARM JOURNAL EDITORS:

For your use the following information has been prepared.



DeWitt C. Wing and Francis A. Flood,  
Specialists in Information.

ADJUSTMENT PROGRAM TO BE CONTINUED IN 1935

"Control through necessary adjustments in the production of basic farm products by means of machinery created by the Agricultural Adjustment Act will be continued in 1935," Victor A. Christgau, Acting Administrator of the Agricultural Adjustment Act, recently said.

"The Agricultural Adjustment Administration now is at work on the 1935 programs applying to wheat and several other basic commodities. Farmers are demanding continuance of control over production. Continuance is important because when normal weather returns after a major drought, many market, soil and price conditions are present which, without controls, would lead to another cycle of surplus and price collapse, with bad consequences affecting the whole country. There would be particular danger of this because this country has not regained the export markets which are needed as outlets for surpluses when production is uncontrolled.

"The drought, with its important and widely varying effects upon agricultural production and on present carryovers, will, of course, make advisable many adjustments in the application of the 1935 programs with increased production probable in several instances. But these changes will not mean abandonment of production adjustment programs. They will mean that the flexible provisions of the Agricultural Adjustment Act will be utilized in the manner best adapted to bring about a balance between production and demand."

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CONSUMERS WARNED AGAINST UNWARRANTED PRICE INCREASES

Dr. Frederic C. Howe, Consumers' Counsel of the Agricultural Adjustment Administration, has warned consumers against being stampeded by false rumors about the food situation, and urged them to follow closely the actual effect of the drought, lest they be victimized by unjustified price advances.

"Exaggerated reports are being spread as to prospective increases in the price of foods," Dr. Howe said. "That misrepresentation takes advantage



of consumers and exposes them to raids by profiteers. But consumers should follow closely official reports on the movement of food supplies and prices. These will help them to buy wisely and economically, and to spot unwarranted price increases."

Some food prices will undoubtedly rise, Dr. Howe pointed out, partly in line with usual seasonal changes, partly because of drought-reduced supplies, as in the case particularly of meats and poultry products. But there will be food sufficient for the larger part of the usual American food requirements.

"We are going to give consumers every possible help in judging the fairness of price changes," the Consumers' Counsel stated. "We are going to do everything we can to develop intelligent buyer skepticism, and tell the housewife how to feed her family well on low-priced but nutritious foods. We are inviting food merchants of Washington to tell us their side of food problems as they may develop. Through the 'CONSUMERS' GUIDE' - our own bi-weekly bulletin, the press, and the radio - we have been reporting for more than a year on changes in retail food prices and their relation to prices received by farmers, on food supplies and on ways of buying food intelligently. We will continue and expand this service."

The Consumers' Counsel's efforts, in the face of rising bread and cotton textile prices last summer and fall, Dr. Howe said, had demonstrated the possibilities of checking price advances by informative publicity. By publicizing changes in bread prices in relation to ingredient costs, the public was kept informed as to justified changes. The majority of bakers cooperated and for nearly 12 months the price of bread has kept in close correspondence with legitimate price increases.

"The first defense against profiteering is the consumer who demands to be shown why he should be charged more for some product," said the Consumers' Counsel. "We want every consumer who is not satisfied with the explanations he is given for price increases to write to us about them."

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#### CORN LOANS BEING PAID EXCEED \$1,000,000 DAILY

Corn loans, made last winter and spring to mid-western farmers to the amount of \$120,647,500, are being repaid to the Government at the rate of more than \$1,000,000 a day, although the maturity date for the loans some weeks ago was extended from August 1 to September 1. This announcement was made August 13 by officials of the Agricultural Adjustment Administration, with the statement that \$26,369,464 already had been received and the loans were being repaid at an increasing rate.

The loans were made, beginning last November, at the rate of 45 cents a bushel on corn which was put under seal on the farm or in authorized public warehouses. Borrowers were authorized to sell the corn at any time before or after the loan maturity date in accordance with regulations of the Commodity Credit Corporation, announced May 31, and to receive for themselves any balance remaining after the loan principal, with interest, insurance charges, and other incidental expenses had been met.

Similarly, in cases where the Commodity Credit Corporation does call the





loan and orders delivery of the corn, any over-plus remaining after the principal and interest along with incidental charges have been met, goes to the borrower. The corporation will not realize a profit regardless of the method and time of settlement. Another plan providing for partial release of the corn under contract for feeding on the borrowers' farm and repayment of the loan on that portion of the corn released, also has stimulated orderly marketing of the corn and repayment of parts of the loans.

In many communities corn was below 20 cents a bushel when the loans began, and in others as high as 35 cents, but all of the 142,368 borrowers have had the direct financial advantage of the price rise the last few months. A total of 256,532,000 bushels of corn was under seal when the making of loans ceased May 1. The corn loan plan was inaugurated to provide an immediate stimulus to farm purchasing power and to supplement the corn-hog production adjustment program. The number of borrowers, amounts borrowed and repayments of loans by states, exclusive of the partial repayment follow:

Colorado, \$67,500 obtained by 64 borrowers, and \$8,172 repaid; Illinois, \$31,000,000 loaned to 36,606 borrowers and \$7,493,156 repaid; Indiana, \$1,200,000 loaned to 1,144 borrowers, and \$48,840 repaid; Iowa, \$59,000,000 loaned to 74,807 borrowers, and \$5,649,964 repaid; Kansas, \$1,000,000 loaned to 996 borrowers and \$26,165 repaid; Minnesota, \$5,500,000 loaned to 9,369 borrowers, and \$1,566,454 repaid; Missouri, \$1,000,000 loaned to 998 borrowers, and \$139,637 repaid; Nebraska, \$22,000,000 loaned to 15,056 borrowers, and \$2,001,949 repaid; Ohio, \$280,000 loaned to 477 borrowers, and \$59,392 repaid; South Dakota, \$1,700,000 loaned to 2,271 borrowers, and \$235,436 repaid.

The plan has meant not only a higher price for all corn but the entire corn loan program has been of immense value, administration officials pointed out, in conserving the feed supply, in view of the ravages of drought this year. It has illustrated, they say, what a loan program can do in storing feed on the farm in years of plenty for the years of shortage.

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#### MILK PRODUCERS' RETURNS IMPROVE UNDER LICENSES

Figures for more than 20 milk sales areas under Agricultural Adjustment Administration licenses show an average increase in returns to producers, on Class 1 milk, of 1.1 cents a quart for June and July, 1934, as compared with the low mark reached by depression prices in May, 1933.

The figures show that producers in these areas received during June and July from 61 to 87 percent of the average 1927-1929 prices, whereas one year ago, before the Federal milk licenses were in effect, prices to producers of Class 1 milk ranged from 33 to 72 percent of the 1927-1929 average.

This increase to producers of 1.1 cents a quart, or 52 cents per 100 pounds, was realized after making allowances for average deductions for cost of supervision and market services under the licenses.

The advance of the fluid milk price to producers, toward the pre-depression levels on licensed markets in 1934, compared with the low levels





to which they had fallen by May, 1933, under market conditions demoralized by the depression, is indicated in a review of the respective market areas, expressed in percentages of the 1927-1929 average price to producers per quart.

For instance, Los Angeles producers in May, 1933, prior to any Federal license, received only 33 percent of the Class 1 price which they got in the average for the years 1927, 1928 and 1929. Under the new license of the Agricultural Adjustment Administration, they are protected by a price schedule which is about 61 percent of the f. o. b. quart price return reported for the average in 1927-1929, or a gain of 28 percent over May, 1933.

In the sales area of the Quad Cities (Davenport, Rock Island, Moline and East Moline) producers in May, 1933, received 38 percent of the 1927-1929 price per quart on Class 1 milk. Under the existing license schedule, producers there enjoy a price on Class 1 milk which is 69 percent of the 1927-1929 level, or 31 percent more than in May, 1933.

These figures do not include increases in Class 2 and Class 3 prices which also prevail on many markets under Federal licenses. Neither do the figures indicate the value of the regular, supervised accounting service provided under the licenses, which insures that producers are receiving full value on the actual amount of milk sold as Class 1, which in some instances was impossible to determine accurately prior to Federal licenses.

Emergency increases granted to a few markets because of extreme drought conditions are reported, but they are subject to further study and review, so that the prices may be kept in line with changes in production conditions there.



Milk Sales Area	Reported average Class 1 price to farmers per quart F.o.b. 1927-29	May, 1933, reported average Class 1 price in percentage of 1927-1929 price per quart	June, 1934, license schedule price for Class 1 in percentage of 1927-1929 price per quart	Drought amendments to licenses on Class 1 price in percentages of 1927-1929 prices to producers per quart.
Boston, Mass.	8.7 cents	50.5 to 57	72	
Chicago, Ill.	6.3	63 " 72	80.9	87
Des Moines, Iowa	5.9	50.8	64	72
Detroit, Mich.	6.5	50.7	66	73
Evansville, Ind.	5.3	64	70.3	
Fall River, Mass.	8.7	55 to 66	74	
Indianapolis, Ind.	5.3	45	73	
Kansas City	5.5	72	74	
Leavenworth, Kan.	5.5	72	74	
Lexington, Ky.	7.2	48	63	
Lincoln, Neb.	4.9	59	75	
Los Angeles, Calif.	7.6	33	61	
Louisville, Ky.	5.8	65	81	
New Bedford, Mass.	9.3	54	69	
Newport, R. I.	9.3	54	69	
Omaha-Council Bluffs	4.9	57	75	87
Providence, R. I.	8.7	55 to 66	74	
Quad Cities	5.2	38	69	
Richmond, Va.	9.0	57	75	
St. Louis, Mo.	5.9	57	78	84
Sioux City, Ia.	5.2	59	71	
Minneapolis-St. Paul	6.6	35	58	
Wichita, Kansas	4.6	56	87	

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#### FACILITIES FOR DROUGHT LIVESTOCK SLAUGHTER INCREASED

Additional facilities being developed will make it possible for meat packers to process 50,000 drought cattle and calves, and 17,000 sheep daily by the middle of September or shortly thereafter. The meat packing industry thus assured the Government at a recent conference at headquarters of the Agricultural Adjustment Administration. The packers at present are processing approximately 40,000 drought cattle and calves a day.

The Bureau of Animal Industry has placed between 400 and 500 additional meat inspectors in packing plants throughout the country during the last three weeks to handle the Government slaughter of drought cattle for relief purposes. It will place additional inspectors where they are needed as rapidly as the packers are ready to extend or begin new operations.

The estimate of the processing volume which the packers expect to attain in September is based on an estimated total of 6,000,000 cattle and calves and 2,000,000 sheep to be slaughtered between this time and the end of the calendar year.



Several packing companies are putting plants that have been idle for a time into operation, and some are putting on additional shifts to handle the Government cattle. In other instances, plants originally designed to handle other livestock, or to process other foods, are being converted for slaughtering and processing beef and mutton.

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#### DROUGHT CATTLE PURCHASES PASS 3,000,000

More than 3,000,000 drought cattle have been purchased to date in 20 western drought states, the Agricultural Adjustment Administration announced August 18.

Latest available figures covering purchases up to this morning, place the total of cattle bought at 3,124,763 head. All such cattle are turned over to the Federal Surplus Relief Corporation to be slaughtered and canned and distributed for relief purposes.

Government checks issued to date indicate that the average price paid per head for drought cattle is \$13.50 to \$13.75. Vouchers totaling \$25,846,959 had been issued to the close of business August 17, covering payment, at an average of \$13.65 per head, for 1,894,886 cattle.

The total of cattle purchased to date amounts to 30.5 percent of all the cattle on the 215,584 farms which had sold drought cattle to the Government. Cattle purchase totals by states are:

Arizona, 41,861; California, 11,226; Colorado, 85,695; Idaho, 9,900; Iowa, 2,334; Kansas, 139,514; Minnesota, 165,418; Missouri, 89,643; Montana, 177,596; Nebraska, 117,598; Nevada, 6,922; New Mexico, 171,189; North Dakota, 742,952; Oklahoma, 21,321; Oregon, 957; South Dakota, 473,499; Texas, 699,484; Utah, 47,481; Wisconsin, 35,902; Wyoming, 88,206.

Checks for cattle purchases are being sent out to the states from four offices, established at St. Paul, Kansas City, San Francisco and Chicago.

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#### SHEEP-BUYING HEADQUARTERS AT DENVER, COLORADO

The establishment of headquarters at Denver, Col., for the sheep-buying project of the Drought Relief Service for western states has been announced by the Adjustment Administration. The program is designed to salvage and convert into meat for relief purposes large numbers of sheep in drought areas. The Denver office will be under supervision of Harry Petrie of the Adjustment Administration Cattle and Sheep Section, who will be assisted by Fred Beier. Allen E. Mocham and Walter J. Hunt, also of the Adjustment Administration, will assist in the administration of the program.

Contracts for sheep purchases are being printed. It is anticipated that within a few days the actual buying of sheep will begin. The Adjustment Administration will pay \$2 each for ewes one year old or older. Angora goats also

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will be purchased under this program, at \$1.40 each for animals one year old or older.

Animals suitable for use as food will be turned over to the Federal Surplus Relief Corporation to be slaughtered and processed for relief purposes, as is being done with drought cattle now being purchased.

#### MEMBERS OF LIVESTOCK FEED COMMITTEE

The President's Drought Relief Committee, composed of Secretary of Agriculture Henry A. Wallace, Chester C. Davis, administrator of Agricultural Adjustment Act, Harry Hopkins, administrator of the Federal Emergency Relief Administration, and William I. Myers, Governor of the Farm Credit Administration, has designated the following members of the various agencies as members of the Livestock Feed Committee:

Lawrence Westbrook of the Federal Emergency Relief Administration; Kieth Southard of the Federal Surplus Relief Corporation; A. T. Esgate and C. R. Arnold of the Farm Credit Administration; C. W. Warburton, J. R. Mohler, W. A. Callender, Phillip G. Murphy and Calvin Hoover of the Department of Agriculture and the Agricultural Adjustment Administration.

The duties of this committee will include the development of measures to arrange for the fullest conservation and effective distribution of livestock feeds and plans for the adjustment of the numbers of livestock and the quantity of available feed supplies in drought areas.

A comprehensive survey is now being conducted by the Bureau of Agricultural Economics to determine the supplies of livestock feed now available in the United States and the need for such supplies.

In order to secure the effective operation of the livestock purchase program and livestock feed distribution in each county, close cooperation will be maintained by representatives of the Federal Emergency Relief Administration, the Farm Credit Administration, the Agricultural Adjustment Administration and the Department of Agriculture.

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#### SOYBEAN HAY BUYING PLAN ANNOUNCED

Notification of the soybean hay purchase plan of the Federal Surplus Relief Corporation is being sent to county agents in the affected areas. Under this plan, the Federal Surplus Relief Corporation notified the Agricultural Adjustment Administration that it was "ready to purchase between 50,000 and 150,000 tons of soybean hay of a grade equal to or better than U. S. No. 2, at \$15 per ton."

The purpose of the purchase plan is to conserve the soybean hay crop as a step toward alleviating the serious shortage of forage feeds which threatens drought regions. County agents are being requested to notify soybean producers in their areas of the purchase program and enable them to dispose of crops now being harvested to the Federal Surplus Relief Corporation or to other buyers.

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## RULING HELPFUL TO FLUE-CURED TOBACCO SIGNERS

Flue-cured tobacco growers who have signed adjustment contracts and whose production in 1934 is less than their allotment, may, if they so elect, sell flue-cured tobacco grown by other contracting growers whose production exceeds their allotment, the Adjustment Administration has announced. An administrative ruling permitting such sales has been signed by Secretary Wallace.

This decision was reached after a conference with an advisory group of flue-cured growers from all parts of the belt. At this conference it developed that in some regions production will be well below the quantity allotted. On some farms in each region production may slightly exceed the allotment. Reports as to crop conditions from all indicate that the total production of contracting growers will be approximately 50 million pounds below 80 percent of the base production which will be the quantity allotted to contracting growers and the quantity for which tax-payment warrants could be issued. The most recent estimate of the crop is 526,000,000 pounds.

Flue-cured tobacco marketing and allotment cards are being distributed before the opening of the markets in all states in which flue-cured is grown. Each grower who has complied with the provisions of his contract is given a marketing card and allotment cards covering 80 percent of his base tobacco production. Tax-payment warrants are issued as sales are made.

At the time each sale of tobacco is made, the number of pounds sold is entered on the allotment card. A contracting producer whose production exceeds 80 percent of his base production may arrange to sell all or a part of this excess production under the allotment card of another contracting grower whose production is less than his allotment. In such cases, tax-payment warrants will be issued in the name of the owner of the marketing and allotment cards under which the excess tobacco is sold. Any arrangements made between contracting growers to utilize allotment cards other than their own for selling tobacco are private transactions. Contracting growers who produce in excess of their allotment will not be permitted to market this excess tobacco and pay the tax provided under the Kerr-Smith Tobacco Act but may arrange to sell this tobacco under another contracting grower's allotment card.

Adjustment payments to be made under the voluntary contracts will be based on the number of pounds shown on the marketing card of each grower as having been sold regardless of whether all the tobacco sold under an individual marketing card was produced by the person to whom the card is issued. Each person to whom a marketing card is issued will be required to certify that all tobacco sold under it was produced under a tobacco production adjustment contract covering his own or some other farm.

Growers who have not signed contracts should make application for tax-payment warrants at the office of their county agent. The Kerr-Smith Tobacco Act provides that in each county tax-payment warrants, covering an amount of tobacco equal to 6 percent of the total number of pounds covered by warrants issued to contracting growers, may be issued to non-contracting growers who were unable to obtain an equitable base under a contract. Warrants issued under this provision may cover all or only a part of a grower's production.



Non-contracting growers, unlike contracting producers, may sell tobacco produced in excess of any allotment given them under this provision, if they pay the tax of 25 percent of the market value provided in the tobacco act. They will not, however, be permitted to sell tobacco under the marketing card of a contracting grower.

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#### TEXAS GETS FIRST FINAL COTTON TAX CERTIFICATES

The replacement of interim tax-payment certificates, issued as a temporary expedient in the administration of the Bankhead Cotton Control Act, with final certificates is going rapidly forward, Cully A. Cobb, chief of the cotton section of the Agricultural Adjustment Administration, said, after being advised that the first seven counties in which replacement has been completed are in southern Texas.

This information came in a telegram from G. E. Adams, College Station, Texas, in charge of the cotton program in that state. In counties where it was not necessary to issue interim certificates, the final certificates are being sent out as rapidly as applications are completed.

Before tax-exemption cotton allotments to individuals can be determined and before tax-exemption certificates covering the allotments can be mailed, all of the cotton growers in a particular county must file applications for allotments and certificates. Mr. Adams said that all applications had been received from 56 counties in Texas and that final tax-exemption certificates will be sent to these counties within a few days. Some applications have been received from many more counties.

"The issuance of interim certificates, while necessary to meet an emergency, has naturally tended to slow down the making of applications for final certificates," Mr. Cobb said. "In all counties where it was necessary, particularly in southern Texas, we issued interim certificates equal to 50 percent of a county's allotment. With these interim certificates on hand, farmers have not been as anxious to get their applications in for final allotments as they might otherwise have been. This, however, has not in any way interfered with the movement of cotton anywhere that cotton has been ginned so far this season because the cotton can be sold when covered by the interim certificate. I have just returned from a trip to the mid-South and am receiving daily reports on the progress of the crop and so far as I am able to determine there is no cotton at any gin in the South waiting to move for lack of a tax-exemption certificate."

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#### MILK LICENSE FOR SAVANNAH, GA., AREA

With several provisions included to meet specific requirements peculiar to local conditions, a milk license for the sales area of Savannah, Ga., has been signed by Acting Secretary of Agriculture Rexford G. Tugwell. The license for milk distributors in this area of about 85,000 population went into effect August 16. The license, requested by the Better Milk Cooperative League,





represents about 90 percent of the volume of production for this market. It is the first Federal milk license in Georgia.

Significant departures from prevailing provisions in Federal milk licenses are noted in the Savannah license, inserted at the request of agencies on the market to fit practical conditions and circumstances. Milk is priced on the gallon basis instead of on the butterfat or hundredweight system, because distributors there do not buy milk on the fat test or weight basis from producers. The price and the differentials allowed in the license are not based on standard milk of a single test figure, but are given within a range of from 4 percent to 4.5 percent butterfat.

Thomas W. Holloway, a practical dairyman experienced in the Savannah market, has been named market administrator upon approval of the producers' association.

Immediate reallocation of all producer bases by the market administrator is provided. He will determine the base and excess over base delivery of all producers. The total established base for producers will be approximately equal to the volume of Class 1 sales only. Finally, the new provision which allows producer-distributors exemption from the equalization pool and adjustment fund on an amount of milk equal to but not in excess of each individual's established base quantity, is used in the license.

Class 1 milk, according to the license schedule, will bring producers 28 cents a gallon or 7 cents a quart f.o.b. the city plants on milk within the specified fat range of 4 to 4.5 percent. This is about equal to \$3.25 per hundred on the average delivered milk of 4.2 percent fat and approximates \$2.97 per hundredweight for 3.5 percent milk. The usual differentials on the variations in fat content of deliveries of milk are changed on this market to one third of a cent per gallon deduction on each tenth of one percent for milk testing lower than 4 percent fat, and a premium at the same rate for milk testing over 4.5 percent.

This price furnishes a substantial increase over the recent price to producers of 23 cents per gallon or 5.7 cents per quart, with retail delivered milk selling for 13 cents per quart. Since 1928, it was brought out at a hearing recently held in Savannah, producers' prices have declined 42.5 percent while distributors' margins have declined only 9.3 percent. Therefore authorities conclude that the new price to producers should not require any advance to consumers. Minimum resale prices are included in the present license, however, to prevent price wars and competition harmful alike to producers and distributors.

Class 2 milk is scheduled in the license at a price equal to one-half the average quotation for Chicago 92 score butter plus 25 percent plus 1 cent per gallon. It would equal about \$1.66 per hundredweight under current quotations. The price of Class 3 milk is chiefly used as a price for excess deliveries over bases, and for bulk sales by producer-distributors to other distributors. In the schedule, Class 3 milk is rated at one third of the average Chicago 92 score

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butter price plus 4 cents per gallon.

Producer-distributors may sell milk of their own production not in excess of base allotments without accounting for it to the pool fund. On sales above the base limits each producer-distributor must account to the pool for the difference between Class 3 price and the average price at which all his milk is sold in proportion to amounts sold in the various classes. A producer-distributor may sell milk to other distributors if they report such sales at Class 3 prices, and the dealer buying it must account for the difference between the Class 3 price he paid for the milk and the price received for it in any higher class.

All producers for the market, including producers who sell only their own milk production, are required to contribute to the market administrator's office not exceeding one-fourth of one cent per gallon on their volume of sales. Non-members of the Better Milk Cooperative League are required to pay a maximum of one-half cent per gallon to a separate fund to be used for market information service, and guarantee of the payment for milk by distributors. Similar deductions are paid by members of the cooperative for such market protective services.

Resale minimum prices named in the license below which sales by distributors to consumers cannot be made are 10 cents wholesale and 11 cents retail per quart of milk, and 5 cents and 6 cents per pint. No resale cream price minimums are included.

The license contains the anti-dumping clause which prevents any distributor from selling cream in the Savannah sales area at prices less than the quoted price he sells cream for in adjacent areas, at points of processing, plus transportation charges.

Examination of distributors' books and records is provided for in the license as a check on reports made to the market administrator. The market administrator is guaranteed the right to check tests and weights to verify statements made to producers, and either bonds, satisfactory proof of solvency or periodic cash deposit, by dealers are required to prevent default in payments to producers for milk.

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#### MILK LICENSE FOR TULSA, OKLAHOMA

A license for the milk sales area of Tulsa, Okla., has been signed by Secretary Wallace, and it will become effective August 21. It was requested originally by the Tulsa Milk Producers' Cooperative Association and individual producers representing the production of more than half of the markets' average milk supply.

The license includes no base and surplus plan, but provides for a straight equalization pool, a minimum resale price schedule, and established prices to producers f. o. b. distributors' plants, with accounting and market services to be in charge of a bonded administrator, to be named later by the Secretary of Agriculture. Special clauses exclude producer-distributors from the computation of the blended price and the adjustment fund on their present



direct sales to consumers.

Producers are defined as those able to meet the health requirements set up for the sales area named in the license, which consists of Tulsa and Sand Springs and certain sections of townships in Tulsa and Osage counties tributary to the area. The estimated population of consumers is 150,000.

Producers' prices defined in the license on the basis of 4 percent milk delivered to distributors' city plants are as follows:

Class 1 milk used for direct consumption, \$2.40 per 100 pounds; Class 2 milk for cream purposes, \$1.90 per 100 pounds; Class 3 milk, or that above other requirements, four times the average price of Chicago 90-score or carlot standard butter, plus 10 cents per hundredweight.

It is believed that the license schedule means an advance in delivered prices to farmers amounting to 50 cents per hundred on Class 1 milk and about 57 cents per hundred on Class 2 milk.

A differential of 4 cents per 100 pounds on each one-tenth of one percent of butterfat in the milk above or below the market standard is permitted in the license.

Producers' agencies and the market administrator are given the privilege of checking tests and weights on milk sold to dealers. The usual protective features common to standard licenses are used, including bonds, periodic deposits or satisfactory proof of solvency for distributors to secure prompt payment for milk, and the clause which gives the Secretary the right confidentially to examine distributors' books and records to verify their regular reports and to facilitate the enforcement of the license.

All producers, including those who sell their own milk direct, are obligated to contribute not over 2 cents per 100 pounds of milk to be kept in a special fund for operating the market administrator's office. A separate additional deduction amounting to a maximum of 3 cents per 100 pounds may at the discretion of the administrator be required from producers who do not receive market services from existing cooperative producers' associations. This fund, similar in rate and purpose to that usually contributed by members of cooperatives there to their mutual market service, may be reduced or waived entirely by the administrator, if conditions warrant. The fund will be used by him in any event to furnish non-members of cooperatives with check testing and weighing, market information, and guarantee against loss where dealers fail to settle their accounts.

The market administrator will also maintain a general adjustment account for all distributors, the purposes of which are to place them on an equal footing with one another in regard to payments for milk used for the same purposes and also to provide equitable returns to producers regardless of their sales outlets. Dealers pay into or take from the fund according to individual records in each delivery period. The administrator may set up an advance reserve fund from the general pool income to protect the adjustment account in cases of delayed settlement by any distributor. Any surplus accumulated in this reserve will be prorated back to producers with their regular payments.

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27. The eighth part of the proof is

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$\mathcal{L}(A) \subseteq \mathcal{L}(B)$ .

28. The ninth part of the proof is

to show that

$\mathcal{L}(A) \subseteq \mathcal{L}(B)$ .

Although producer-distributors will contribute to the supervisory fund, they are not included in the pool account or the computation of blended pool prices. However, if any distributor buys bulk milk from a producer-distributor it must be paid for at Class 3 prices and the buyer is obliged to account to the pool for the difference between the purchase price and the prices he receives for this milk. As long as the producer-distributor keeps his surplus off the market himself, he is not included in the pool.

A milk industry board may be established representing producers, distributors and the public, upon application to the Secretary of Agriculture, with nominations submitted to him by the local agencies. The license contains minimum resale prices for milk only, not applicable to public welfare or relief agencies, as follows: Bulk milk, 25 cents per gallon; quarts, 9 cents retail and 8 cents wholesale; and pints, 5 cents retail and 4-1/2 cents wholesale. They are designed to protect the area from low levels of competition that might harm both consumers and producers.

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#### MILK LICENSE FOR DENVER SALES AREA

A license which establishes producer prices and a market plan for the Denver, Col., milk sales area, has been signed by Secretary Wallace. It will become effective September 1. It was developed at the request of the Colorado Dairymen's Cooperative Association, and is the first milk license to be issued in the Rocky Mountain region by the Adjustment Administration.

The market plan provided for is a straight equalization pool, to be supervised by a market administrator, who will be under bond for the proper fulfillment of his duties. The sales area includes the city and county of Denver, the towns of Aurora and Westminster in Adams County, and portions of Arapahoe and Jefferson counties. Producer prices listed in the license follow:

Class 1 milk, used for direct consumption, 50 cents per pound of butterfat or about 3.8 cents per quart on 3.5 per cent milk; Class 2 milk used for cream and secondary products, the average current quotation on Chicago 92 score butter plus 20 percent plus 5 cents per pound of butterfat; Class 3 milk, the quotation for 92 score Chicago butter plus 15 percent. The prices are f.o.b. the distributors' plants. Minimum resale prices are not included in the license.

Distributors are allowed to pay premiums to producers above the schedule price, provided they make the same proportionate payments to all producers who furnish them with similar grades of milk. On whole milk shipped to Denver plants, a transportation charge of 4-1/2 cents per pound of butterfat will be allowed for deliveries of milk within the 25- to 35-mile zone, and 6 cents per pound of butterfat on deliveries at stations outside of the 35-mile zone. This allowance is made to equalize prices at the farm for producers delivering to country stations with prices received by producers in the same areas who ship milk direct to city plants.

Protective features in the Denver license are similar to those in effect under the general program of Adjustment Administration licenses. The market administrator and the producers' associations are guaranteed the right



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to check tests and weights of milk delivered to distributors. Bonds or periodic deposits are required of distributors. The administrator may establish a reserve fund out of his receipts with which to make good any losses resulting from the failure of dealers to make full settlement to the adjustment fund.

Uniform deductions from payments to producers, amounting to a maximum of 1/2 cent a pound of butterfat, will be used for the office of the market administrator. Producers who sell their own milk direct also will contribute to this fund. Upon request of the administrator, a second deduction of not over 1 cent a pound of butterfat will be required from all producers for whom market services are not being rendered by an existing producers' association on the market. These services include test and weight checking, information on market trends and guarantee against default by distributors.

Further benefits include a guarantee of the right of producers to establish their own methods of milk transportation when desired, and a clause which prevents an outside distributor from dumping cream on the market at a lower price than it brings in an adjacent market where it is processed, plus usual transportation costs. New producers would be admitted to the market if they are duly reported to the administrator by their distributors, and if they accept the Class 3 price for all their deliveries for six delivery periods or 90 days thereafter.

The usual adjustment fund will be maintained by the administrator for all distributors, for the purpose of equalizing the burden of surplus milk and allocating sales made at higher prices between all distributors. This is designed to place all producers and distributors on an equal basis in sharing the advantages and disadvantages of the entire market.

Milk produced and sold by producers who are also distributors is excluded from the pool and price computation. If such producers sell some of their milk to other dealers they must charge Class 3 prices for it, and the buyers are required to account to the pool for the difference between the Class 3 buying price and the higher prices which they get for the milk in Classes 1 or 2.

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#### MILK AGREEMENT HEARING AT BENTON, ILL., AUGUST 24

A hearing on a proposed milk marketing agreement and license for distributing agencies will be held at Benton, Ill., August 24, the Agricultural Adjustment Administration has announced. The tentative agreement and license were requested by the Sanitary Milk Producers, Inc., of St. Louis and adjacent territory and the Illinois Agricultural Association.

Producer prices are not included in the tentative draft of the agreement. These are to be developed in detail at the hearing. The base and surplus market plan for areas without country stations is proposed. About 130,000 persons reside in the Benton milk sales area. Modification of the sales area may result from the testimony at the hearing. As proposed in the agreement, the





territory is described as follows:

The towns of Elk, De Soto, Somerset, Murphysboro and Carbondale in Jackson County; Cartersville, Blairville, Herrin, Lake Creek and East and West Marion in Williamson County; Frankfort, Benton, Browning, Denning, Six Mile and Tyrone in Franklin County; and the town of Duquoin precinct in Perry County. This region is about 30 miles east of St. Louis.

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#### SIX MILK LICENSES RECENTLY AMENDED

Amendments to milk licenses, under the Agricultural Adjustment Act, recently have been made in the St. Louis, Lincoln, Neb., St. Paul-Minneapolis, Wichita and Leavenworth, Kan., and the Port Huron, Mich., sales areas.

In the St. Louis sales area, the amendment license provides higher prices to producers. It was requested by the Sanitary Milk Producers, and was made necessary because a considerable proportion of the production areas in Missouri and Illinois, supplying the St. Louis market, are in emergency drought territory.

The amended license provides an increase to producers on Class 1 milk of 3.5 percent butterfat from \$2 to \$2.35 per 100 pounds f.o.b. distributors plants. The new schedule, including provisions relating to Class 2 milk, and transportation charges, became effective August 14. The license schedule is subject to review and possible modification within 90 days.

In connection with increased prices to producers, restrictions on milk supplied by new producers are removed. The permit requirement for new producers shipping to the St. Louis market is eliminated.

Changes are made in the definition and price schedule for Class 2 milk to make the Class 2 terms in the license correspond more closely with the actual conditions on the market and the use made of this class of milk. The classified sales within Class 2 are broadened to include, besides cream, evaporated and condensed milk, flavored milk and creamed buttermilk and creamed cottage cheese. The Class 2 formula in the amended license provides that the price for milk purchased from producers for sale within the class must be based on 3-1/2 times the average price of 92 score Chicago butter plus 30 percent plus 20 cents per 100 pounds.

It is stated in the license that manufacturers signatory to any existing marketing agreement for evaporated milk must not pay producers less than the evaporated agreement price.

Transportation classes and rates are changed. The former charge was 20 cents per 100 pounds for milk delivered at country stations within the 50-mile zone, with one cent extra per hundredweight on milk delivered at points within each 10 miles beyond the 50-mile limit. The amended license practically sets up three transportation zones within the 40-mile radius. Milk delivered at stations up to 20 miles distant from the city hall will bear a transportation

At the same time, the Commission has been informed that the Government of the United Kingdom has decided to grant a concession to the Government of the United States, in the form of a loan, of the sum of \$100 million, for the purpose of financing the construction of a new bridge over the River Sever, at the town of Worcester.

It is

the Commission's duty to inform the Council of the above-mentioned facts.

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charge of 16 cents per hundredweight, that delivered 20 to 30 miles distant 18 cents; for distances of 30 to 40 miles, 20 cents, and beyond the 40-mile zone the usual charge of one cent for each 10 extra miles will be added to the straight 40-mile charge.

A new provision for producers who distribute only milk from their own farms is included. Such producers are exempt from the pool price computation and the adjustment fund up to their delivered bases. All sales they make in excess of such bases must be accounted for at Class 3 prices according to the actual volume of milk which they sell proportionately in the several classes. Producer-distributors who sell any milk to other distributors or processors must account for it at Class 3 rates and the respective buyers of such milk must report to the market administrator and account for the difference between the Class 3 price which they paid for such milk and the higher prices which they received for it.

The amended license permits the market administrator to set up a special reserve fund to protect producers against loss in case dealers fail to make full payment for milk. It provides that when there is a sufficient balance on hand in excess of adequate necessary reserves for this purpose, the administrator may add such amounts to the total value of the milk going to producers in any given delivery period.

Authorities state that the volume of milk production has declined from 51,000,000 pounds in May to about 35,000,000 pounds in July. Class 1 sales to consumers have held steady at about 17,000,000 pounds monthly.

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Producers supplying the Lincoln, Neb., milk sales area will receive 54 cents per pound of butterfat in Class 1 milk instead of 45 cents, the former price. The request for the increase was made by the Lincoln Non-Stock Cooperative Milk Producers' Association and arose out of widespread drought conditions in the area. The license as amended became effective August 18.

The new price places the price to producers in line with the schedules on adjacent markets. The advance amounts to approximately seven tenths of one cent per quart, or about 31 cents per 100 pounds of 3.5 percent milk. Studies of the market will be made to check closely supply and demand conditions under the advanced producer price.

Resale minimum price schedules have been changed. The effect is to increase the minimum quart price by about 1 cent, of which three fourths of the increase goes to farmers. The new minimum prices are 8 cents per quart retail and 7 cents wholesale. The actual increases are 2 cents per gallon on bulk milk and one-half cent each on quarts and pints bottled.

Milk sold by producers who are also distributors is excluded from the pool calculation and the adjustment account under the amended license. Previously such producers were exempt up to an amount equal to the average retail route sales. However, if they sell bulk milk to other dealers, such milk must be sold at Class 3 prices only and the buyers are obliged to account to the pool for the difference between the price which they paid for it and the higher



prices received upon its final sale.

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The amended license for the milk sales area of St. Paul and Minneapolis, Minn., provides an increase of 40 cents per 100 pounds in the producer's price for Class 1 milk, f. o. b. distributors' city plants. The increase was requested by the Twin City Milk Producers' Association because of unfavorable production conditions resulting from the drought. The amendment became effective August 17. It increases the producer price for Class 1 milk from \$1.60 per 100 pounds delivered to \$2 per 100 pounds.

The level of minimum resale prices provided is increased by three-fourths of a cent per quart wholesale and 1 cent retail. No change is made in minimum cream prices. The new schedule puts the minimum prices per quart for milk of 3.9 percent fat or less, at 8 cents retail and 7-1/4 cents wholesale, and for milk testing 4 percent or more, 9 cents retail and 8-1/4 cents wholesale.

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Producers selling milk in the Wichita and Leavenworth, Kan., sales areas will receive 40 cents more for each 100 pounds of Class 1 milk under amendments to the licenses for the two areas. The amendments became effective August 18. The increase was sought by producer interests because of drought conditions in areas producing milk for these markets. The changes advance the Class 1 price f. o. b. distributors' plants from \$1.75 to \$2.15 on 3.5 percent milk, which amounts to an advance from 3.7 cents to 4.6 cents a quart, farm price delivered.

Incident to the new Class 1 price for both areas, the minimum resale schedules have been changed to provide that milk within local regulation, regardless of its fat test, will sell for not less than 8-1/2 <sup>cents</sup> a quart retail delivered and 7-1/2 cents wholesale, and pints at 5 cents and 4-1/2 cents, respectively. Previously the classification was made on milk testing above and below 4 percent fat.

The amended licenses are subject to review and possible revision within 60 days, according to the effect the new prices have on production and demand. A clause restricting new producers has been removed from the licenses.

In both licenses the amendments exclude from the blended price determination and the equalization pool all milk produced and sold by producers who distribute their own milk, up to an amount equal to their delivered bases. Milk sold by such producer-distributors in excess of their bases is charged in the pool account at prices rated according to the various sales made in any and all classes, while credit is given at Class 3 prices. Milk in bulk which such producer-distributors may sell to other dealers is charged at Class 3 prices, and the buyers are required to account to the pool for the difference between the Class 3 price which they paid for milk and the higher prices at which they sold it.

No additional changes were made in the provisions of the licenses, except that in the Wichita license the definition for Class 2 milk is broadened







to include flavored milk, creamed cottage cheese and creamed buttermilk, as well as the usual cream sales.

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In order to put the Port Huron, Mich., Class 1 milk price under the existing license more closely in line with the present Class 1 price to producers at Detroit, the Agricultural Adjustment Administration advanced the Port Huron price from \$1.85 to \$2 per 100 pounds of Class 1 milk, 3.5 percent butterfat, f. o. b. the distributors' plants.

An amendment to the license was signed by Secretary Wallace, and became effective August 18. No change was made in the other price schedules to producers, which are retained as before, namely, Chicago 92 score butter price times the fat test, plus 30 percent on Class 2 milk and 10 percent on Class 3.

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#### IMPORT QUOTAS NOT AFFECTED BY SUGAR BEET CROP REDUCTION

The reduction of the sugar beet crop of the United States as a result of drought will have no effect on import quotas already established for the current calendar year under the Costigan-Jones Act, John E. Dalton, chief of the sugar section of the Agricultural Adjustment Administration, said today.

This is because the large carryover of January 1, 1934, and the estimated production from the current crop will total 20,000,000 bags of sugar in excess of the marketing quota for the year which has been set at 29,087,200 bags. This excess will be a normal carryover January 1, 1935, and no real shortage will be evident unless and until a short crop is produced in the fall of 1935.

Under the Adjustment Administration's sugar program, marketing quotas have been determined for the beet sugar processors and for sugar imports from Cuba and other foreign countries, the Philippines, Puerto Rico, Hawaii, and the Virgin Islands. The shipments may be made any time during the calendar year. When the quota limit is reached, all sugars coming in excess of the quota are placed in customs custody and cannot be released for consumption. The Philippine quota is already filled and most of the shipments authorized under the Puerto Rican quota have been made. However, stocks of beet sugar on hand in the United States at the beginning of this year were about equal to the domestic beet sugar marketing quota of 1,556,166 short tons raw value, Mr. Dalton said, and the reduction in this year's beet crop will merely result in reducing the excess of supplies and will not require adjustment of quotas.

The August 1 crop report showed an indicated sugar beet production of 6,801,000 tons of beets as compared with 11,030,000 tons in 1933. This would indicate a production of beet sugar in the United States from the 1934 crop of not more than 1,100,000 short tons raw value. With most of the new crop produced by the end of the year and taking into account stocks of beet sugar on hand January 1, 1934, the available supply is adequate to meet the quota for the calendar year and to provide normal year-end stocks. This makes it obvious, sugar section officials say, that no changes will be necessary in present quotas.

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## NEW REGULATIONS COVERING LICENSE HEARINGS

Regulations relating to hearings with respect to the issuance of licenses under the Agricultural Adjustment Act have been issued by Secretary of Agriculture Henry A. Wallace, with the approval of President Roosevelt. These regulations set forth that whenever the Secretary has reasonable cause to believe that it is necessary to issue a license in order to effectuate the purposes of the Act, he shall give notice and opportunity for hearing to interested parties according to requirements which are definitely stated, the hearings to be held either in connection with hearings on marketing agreements, or separately.

The regulations specify requirements as to giving public notice and extent of notice; time and place of hearing; appointment of presiding officer; the giving of testimony; method of conducting the hearing; transcripts of hearing; findings by the Secretary; and making available copies of the license.

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## CALIFORNIA DRIED PRUNE AGREEMENT APPROVED

A marketing agreement and a license for dried prunes produced in California have received approval by Secretary Wallace, and both became effective August 17. The license makes the terms of the agreement binding on all handlers in the California dried prune industry.

The agreement will limit the quantity of prunes that handlers may purchase directly from growers and provides for adjusting the total supply of prunes available for shipment during the marketing year to the effective demand, and the segregation and control of the use of sub-standard grade prunes.

Handlers, under the agreement, will be required to grade all prunes received from growers and turn over to the control board all sub-standard prunes as well as a fixed percentage of each grade of standard prunes which are to be resold by the control board for the account of the growers.

The agreement provides for two administrative bodies, a control board and a growers' committee. The control board will consist of 15 members, seven growers and seven handlers, the fifteenth member to be neither a grower nor a handler, but to be selected by the other members of the control board. The California Prune and Apricot Growers' Association will select four members of the control board, two members to represent them as growers and two members to represent them as handlers. The other members of the control board will be selected by a general election of all growers and handlers not affiliated with the association. The growers' committee will consist of 22 members, seven members to be selected by the California Prune and Apricot Growers' Association, and 15 members to be selected at a general election of all growers not members of the association. Provision is also made in the agreement for an "imperial committee" composed of 10 growers selected by the growers' committee, which will have power to approve or disapprove all offerings of standard prunes of size 33 or larger.

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### CALIFORNIA CLING PEACH AGREEMENT AMENDED

An amendment to the license for canners of cling peaches grown in California has been signed by Secretary of Agriculture Henry A. Wallace. It will become effective August 20. It provides that "any state unemployment relief agency and the Federal Surplus Relief Corporation and all contracts, dealings, or other arrangements between the state unemployment relief agencies or the Federal Surplus Relief Corporation and canners shall be exempt from the provisions of this license."

The amendment does not release or otherwise affect the liability of any licensee in respect to any violation of the license before the effective date of this amendment.

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### HEARING CALLED ON OZARK GRAPE AGREEMENT

A public hearing on a proposed marketing agreement for the grape industry in the Ozark region of Missouri and Arkansas will be held at the University of Arkansas, Fayetteville, Ark., August 24. The agreement proposes to improve returns to growers by adjusting the supply of grapes to market demand and to limit shipments through a system of certificates.

Under the provisions of the proposed agreement, certificates would be issued to grape producers and handlers stating the amount of shipments that may be shipped from any district during a proration period. The amounts on the certificates would be based upon the equitable tonnage of the total quantity of grapes to be shipped from the area. The amount stated on each certificate would be the same percentage of the advisable quantity to be shipped as the estimated total quantity of grapes of each such shipper or grower is of the total estimated production of the Ozark region.

In order to adjust the supply of grapes to market demand, the control committee could, during periods not to exceed 48 hours and not less than five days apart, prohibit the shipping of any grapes. Prior to the initiation of any proration period the control committee would require from shippers and producers reports of all previous sales and shipments made by each.

The control committee would consist of seven members, three elected by growers, three by shippers and one by the original six. The shipper members would be selected through a general election by all shippers. The grower members would be elected by delegates from the shipping points in the area. Each shipping point representing from 100 to 1,000 acres of grapes would elect one delegate, and shipping points having an additional 1,000 acres or major fraction thereof would be entitled to an additional delegate. Shipping points having less than 100 acres would join with the nearest shipping point having the proper acreage.

The Ozark Grape Council, proponents of the proposed agreement, would call the initial election for handler-members to the control committee and delegates to the election committee for grower-members, but subsequent elections would be called by the control committee.

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## HEARING ON CORN WET MILLING INDUSTRY CODE

A public hearing on a proposed code of fair competition for the corn wet milling industry, which produces such corn products as starch, corn syrup, sugars, feed, and oils, has been ordered for August 23 by Acting Secretary of Agriculture Rexford G. Tugwell. The hearing will be held in the Carlton Hotel, Washington, D. C. The proposed code contains standard National Recovery Administration labor provisions, provides for a code authority to consist of one representative each from the 11 members of the industry, and prohibits unfair trade practices.

The corn wet milling industry, also known as the corn refining industry, employs about 7,000 persons, and has a total grinding capacity of about 120,000,000 bushels of corn a year.

Article XIV of the proposed code provides that where any provisions of the code conflict with a consent decree entered into by certain members of the industry in 1932, the code provisions would not be effective until a court order has modified the decree to eliminate such conflicts.

The code was developed by representatives of the industry in cooperation with the grain processing section of the Adjustment Administration, of which C. H. Cochran is acting chief. Representatives of the Department of Justice and the Federal Trade Commission have been invited to attend the hearing.

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## ADDED FLAXSEED QUOTAS FOR PACIFIC COAST

A decision to grant flaxseed crushing quotas to Pacific Coast oil crushing firms not now having quotas under the Code for the linseed oil manufacturing industry, provided that they purchase sufficient amounts of California and Arizona grown flaxseed, has been reached by the Adjustment Administration.

The action seeks to assure Pacific Coast flax growers a certain market for their 1934 crop, of which approximately 40 percent is yet to be marketed. The quotas will be in addition to those already allotted to oil seed crushers and may also be secured by those already having quotas.

The decision to allot additional quotas follows a recent meeting of the code administrative committee of the linseed oil manufacturing industry at which such a program was suggested to the committee by the representative of the Secretary of Agriculture on the committee. A resolution adopted by the committee recommended the granting of such additional quotas.

Pacific Coast flax production this year is estimated at about 260,000 bushels, and of this amount it is estimated that approximately 100,000 bushels are yet to be sold by producers.

Under the proposed procedure, the Secretary of Agriculture will grant a crushing quota to any oil seed crusher in the Pacific Coast region when he has bought a commercial crushing amount of domestically-grown flaxseed from Cali-



fornia and Arizona. Such crushers are to qualify as members of the industry under the provisions of the linseed oil code.

Dr. A. H. Benton of the grain section of the Adjustment Administration is the representative of the Secretary of Agriculture on the linseed oil code administrative committee.

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